

UMASIPALA WASE DANNHAUSER
DANNHAUSER MUNICIPALITY
DANNHAUSER MUNISIPALITEIT



ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2013

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

General Information

Legal form of entity

Dannhauser Local Municipality

Members of the council

| | |
|-------------------|---------------------|
| Cllr JP Phakathi | Mayor |
| Cllr VM Ndaba | Deputy Mayor |
| Cllr ZS Ngubeni | Speaker |
| Cllr MA Ngidi | Chief Whip |
| Cllr PP Nene | Party Whip |
| Cllr ES Kunene | Party Whip |
| Cllr MA Sibeko | EXCO Member |
| Cllr TV Mabanga | EXCO Member |
| Cllr AN Radebe | |
| Cllr NGJ Manyathi | |
| Cllr MA Buthelezi | |
| Cllr HV Mdakane | |
| Cllr SN Ndlovu | |
| Cllr AH Buthelezi | |
| Cllr MR Nyembe | |
| Cllr NM Majola | |
| Cllr MP Sithole | |
| Cllr NS Hlongwane | |
| Cllr LL Nxumalo | |
| Cllr NJ Mhlungu | |
| Cllr MB Shabalala | |

Grading of local authority

Grade 2

Municipal Manager

Mr. WB Nkosi

Chief Financial Officer (CFO)

Mrs. DM Mohapi

Registered office

Dannhauser Municipality

Physical address

8 Church Street
Dannhauser
3080

Postal address

Private Bag X1011
Dannhauser
3080

E-mail address

municipalmanager@dannhauser.gov.za

Telephone number

(034) 621 2666

Fax number

(034) 621 3114

Bankers

First National Bank-Newcastle

Auditors

Auditor General of South Africa

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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Abbreviations

| | |
|---------|--|
| COID | Compensation for Occupational Injuries and Diseases |
| CRR | Capital Replacement Reserve |
| DBSA | Development Bank of South Africa |
| SA GAAP | South African Statements of Generally Accepted Accounting Practice |
| GRAP | Generally Recognised Accounting Practice |
| GAMAP | Generally Accepted Municipal Accounting Practice |
| HDF | Housing Development Fund |
| IAS | International Accounting Standards |
| IMFO | Institute of Municipal Finance Officers |
| IPSAS | International Public Sector Accounting Standards |
| ME's | Municipal Entities |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant (Previously CMIP) |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the income from services, rates and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the council has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 10.

"I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 41, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared on the going concern basis and were approved by the Accounting officer.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 19 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act."



Mr. WB Nkosi
30 August 2013

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

| Figures in Rand | Note(s) | 2013 | 2012 |
|---|---------|--------------------|--------------------|
| ASSETS | | | |
| Current Assets | | | |
| Investments | 2 | 14,007,249 | 10,617,305 |
| Receivables from exchange transactions | 3 | 622,629 | 405,437 |
| VAT receivable | 4 | 1,099,489 | 1,623,817 |
| Consumer debtors | 5 | 1,829,020 | 1,769,000 |
| Cash and cash equivalents | 6 | 22,011,786 | 2,285,722 |
| | | 39,570,173 | 16,701,281 |
| Non-Current Assets | | | |
| Investment property | 7 | 8,708,000 | 8,708,000 |
| Property, plant and equipment | 8 | 234,451,243 | 232,967,184 |
| Intangible assets | 9 | 46,187 | 64,979 |
| Heritage assets | 10 | 55,576 | 55,576 |
| | | 243,261,006 | 241,795,739 |
| Total Assets | | 282,831,179 | 258,497,020 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Operating lease liability | 11 | 6,664 | 26,189 |
| Payables from exchange transactions | 12 | 8,567,318 | 15,177,035 |
| Unspent conditional grants and receipts | 13 | 23,412,522 | 1,372,885 |
| Provisions | 14 | 3,417,750 | 3,255,000 |
| | | 35,404,254 | 19,831,109 |
| Non-Current Liabilities | | | |
| Retirement benefit obligation | 15 | 14,842,988 | 11,786,918 |
| Total Liabilities | | 50,247,242 | 31,618,027 |
| Net Assets | | 232,583,937 | 226,878,993 |
| Housing development fund | | 428,270 | 356,878 |
| Accumulated surplus | | 232,155,667 | 226,522,114 |
| Total Net Assets | | 232,583,937 | 226,878,992 |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

| Figures in Rand | Note(s) | 2013 | 2012 |
|---|---------|---------------------|---------------------|
| Revenue | | | |
| Service charges | 16 | 826,492 | 755,190 |
| Rental of facilities and equipment | | 127,651 | 103,909 |
| Licences and permits | | 1,211,015 | 1,156,145 |
| Other income | 17 | 566,028 | 367,641 |
| Interest received - investment | | 1,047,737 | 1,083,824 |
| Property rates | 18 | 8,693,165 | 8,154,494 |
| Government grants & subsidies | 19 | 71,907,522 | 66,452,222 |
| Fines | | 282,098 | 157,190 |
| Total revenue | | 84,661,708 | 78,230,615 |
| Expenditure | | | |
| Employee related costs | 20 | (14,698,052) | (14,400,967) |
| Remuneration of councillors | 21 | (4,356,576) | (4,344,061) |
| Post retirement benefits | 15 | (3,056,070) | (6,470,872) |
| Depreciation and amortisation | 22 | (22,718,009) | (22,720,227) |
| Impairment loss/ Reversal of impairments | 23 | (2,631,163) | (135,437) |
| Repairs and maintenance | | (3,680,989) | (2,354,913) |
| Grants and subsidies paid | 24 | (3,316,633) | (11,181,699) |
| General expenses | 25 | (25,614,207) | (34,266,053) |
| Total expenditure | | (80,071,699) | (95,874,229) |
| Gain (loss) on disposal of assets and liabilities | | 141,394 | (121,834) |
| Surplus (deficit) for the year | | 4,731,403 | (17,765,448) |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

| Figures in Rand | Housing Development Fund | Accumulated surplus | Total net assets |
|--|--------------------------------|------------------------|---------------------|
| Balance at 01 July 2011 | 350,181 | 242,792,758 | 243,142,939 |
| Changes in net assets | | | |
| Surplus for the year | 6,697 | - | 6,697 |
| Net income recognised directly in net assets | 6,697 | - | 6,697 |
| Surplus for the period | - | (17,765,448) | (17,765,448) |
| Total recognised income and expenses for the period | 6,697 | (17,765,448) | (17,758,751) |
| Prior Year Adjustment - Stale Cheques | - | 929,525 | 929,525 |
| Prior Year Adjustment - Assets adjustment - assets not previously verified | - | 565,279 | 565,279 |
| Total changes | 6,697 | (16,270,644) | (16,263,947) |
| Balance at 01 July 2012 | 356,878 | 226,522,114 | 226,878,992 |
| Changes in net assets | | | |
| Transfer out | - | (136,637) | (136,637) |
| Revaluation | - | 1,038,787 | 1,038,787 |
| Net income (losses) recognised directly in net assets | - | 902,150 | 902,150 |
| Surplus for the period | - | 4,731,403 | 4,731,403 |
| Total recognised income and expenses for the year | - | 5,633,553 | 5,633,553 |
| Surplus for the year | 71,392 | - | 71,392 |
| Total changes | 71,392 | 5,633,553 | 5,704,945 |
| Balance at 30 June 2013 | 428,270 | 232,155,667 | 232,583,937 |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Cash Flow Statement

| Figures in Rand | Note(s) | 2013 | 2012 |
|---|---------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 11,387,537 | 17,278,095 |
| Grants | | 93,947,159 | 59,593,713 |
| Interest received | | 1,047,737 | 1,083,824 |
| Other receipts | | 813,145 | 1,067,820 |
| | | <u>107,195,578</u> | <u>79,023,452</u> |
| Payments | | | |
| Employee costs | | (19,054,628) | (18,603,760) |
| Suppliers | | (35,924,438) | (30,353,768) |
| Grants and subsidies paid | | (3,316,633) | (11,181,699) |
| | | <u>(58,295,699)</u> | <u>(60,139,227)</u> |
| Net cash flows from operating activities | 28 | <u>48,899,879</u> | <u>18,884,225</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 8 | (25,941,723) | (14,630,639) |
| Proceeds from sale of property, plant and equipment | 8 | 159,747 | 30,941 |
| Purchase of investment property | 7 | - | (2,200,000) |
| Purchase of other intangible assets | 9 | (1,895) | (56,108) |
| Purchases of Investments | | (3,389,944) | (12,316,368) |
| Net cash flows from investing activities | | <u>(29,173,815)</u> | <u>(16,855,806)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 19,726,064 | 2,028,419 |
| Cash and cash equivalents at the beginning of the year | | 2,285,722 | 257,303 |
| Cash and cash equivalents at the end of the year | 6 | <u>22,011,786</u> | <u>2,285,722</u> |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Information

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual |
|--|-----------------|-------------|--------------|------------------------------------|--|
|--|-----------------|-------------|--------------|------------------------------------|--|

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

| | | | | | |
|---|------------------|------------------|-------------------|------------------|--------------------|
| Service charges | 687,000 | - | 687,000 | 826,492 | 139,492 |
| Rental of facilities and equipment | - | - | - | 127,651 | 127,651 |
| Licences and permits | - | - | - | 1,211,015 | 1,211,015 |
| Other income | 1,705,000 | 8,675,487 | 10,380,487 | 566,028 | (9,814,459) |
| Interest received - investment | 1,084,000 | - | 1,084,000 | 1,047,737 | (36,263) |
| Total revenue from exchange transactions | 3,476,000 | 8,675,487 | 12,161,487 | 3,778,923 | (8,372,564) |

Revenue from non-exchange transactions

Taxation revenue

| | | | | | |
|-------------------------------|------------|---|------------|------------|------------|
| Property rates | 7,876,000 | - | 7,876,000 | 8,693,165 | 817,165 |
| Government grants & subsidies | 53,190,000 | - | 53,190,000 | 71,907,522 | 18,717,522 |

Transfer revenue

| | | | | | |
|-------|---|---|---|---------|---------|
| Fines | - | - | - | 282,098 | 282,098 |
|-------|---|---|---|---------|---------|

| | | | | | |
|---|-------------------|----------|-------------------|-------------------|-------------------|
| Total revenue from non-exchange transactions | 61,066,000 | - | 61,066,000 | 80,882,785 | 19,816,785 |
|---|-------------------|----------|-------------------|-------------------|-------------------|

| | | | | | |
|----------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| Total revenue | 64,542,000 | 8,675,487 | 73,217,487 | 84,661,708 | 11,444,221 |
|----------------------|-------------------|------------------|-------------------|-------------------|-------------------|

Expenditure

| | | | | | |
|--|--------------|-------------|--------------|--------------|--------------|
| Employee related costs | (18,788,000) | (6,463,715) | (25,251,715) | (14,698,052) | 10,553,663 |
| Remuneration of councillors | (3,181,000) | (610,403) | (3,791,403) | (4,356,576) | (565,173) |
| Post retirement benefits | - | - | - | (3,056,070) | (3,056,070) |
| Depreciation and amortisation | - | - | - | (22,718,009) | (22,718,009) |
| Impairment loss/ Reversal of impairments | - | - | - | (2,631,163) | (2,631,163) |
| Repairs and maintenance | - | - | - | (3,680,989) | (3,680,989) |
| Grants and subsidies paid | (16,322,000) | - | (16,322,000) | (3,316,633) | 13,005,367 |
| General Expenses | (45,773,243) | (4,993,444) | (50,766,687) | (25,614,207) | 25,152,480 |

| | | | | | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Total expenditure | 84,064,243 | 12,067,562 | 96,131,805 | 80,071,699 | (16,060,106) |
|--------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|

| | | | | | |
|------------------------------------|---------------------|--------------------|---------------------|------------------|-------------------|
| Operating surplus/(deficit) | (19,522,243) | (3,392,075) | (22,914,318) | 4,590,009 | 27,504,327 |
|------------------------------------|---------------------|--------------------|---------------------|------------------|-------------------|

| | | | | | |
|--|---|---|---|---------|---------|
| Gain on disposal of assets and liabilities | - | - | - | 141,394 | 141,394 |
|--|---|---|---|---------|---------|

| | | | | | |
|----------------|---------------------|--------------------|---------------------|------------------|-------------------|
| Surplus | (19,522,243) | (3,392,075) | (22,914,318) | 4,731,403 | 27,645,721 |
|----------------|---------------------|--------------------|---------------------|------------------|-------------------|

| | | | | | |
|--|-------------------|------------------|-------------------|--------------------|---------------------|
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | 19,522,243 | 3,392,075 | 22,914,318 | (4,731,403) | (27,645,721) |
|--|-------------------|------------------|-------------------|--------------------|---------------------|

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1. BASIS OF ACCOUNTING

1.1 Basis of presentation

These Annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These Annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.1.2 Presentation currency.

These Annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.1.3 Going concern assumption.

These Annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.1.4. Comparative information

Budget information in accordance with GRAP 1 and 24, has been provided in these financial statements and forms part of the unaudited financial statements.

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.1.5 Standards, amendments to standards and interpretations issued but not yet effective.

The following GRAP standards have been issued and have not been early adopted by the municipality:

GRAP 105 - Transfers of Functions Between Entities Under Common Control
GRAP 106 - Transfers of Functions Between Entities Not Under Common Control
GRAP 107 - Mergers
GRAP 18 - Segment Reporting
GRAP 20 - Related Party Disclosures

The Minister of Finance announced that the application of GRAP 21 and GRAP103 will be effective for period starting after 1 April 2012. All other standards as listed above will only be effective when a date is announced by the Minister of Finance. Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.1 Basis of presentation (continued)

1.1.6 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, default and delinquency in payments are considered indicators that the trade receivables are impaired.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Effective interest rate

The municipality used the incremental borrowing rate to discount future cash flows.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates is included in note 12.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.2 PROPERTY, PLANT AND EQUIPMENT

1.2.1 Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.2.2 Subsequent measurement - cost and revaluation model

Subsequent to initial recognition, items of property, plant and equipment such as Other fixed assets are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

All other items of property, plant and equipment such as Infrastructure, Community and Buildings are carried at net replacement amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

The municipality shall revalue all its assets that are under revaluation model every 5 years.

1.2.3 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.2.4 Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.2.5 Landfill restoration

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. such obligation are referred to as decommissioning, restoration and similar liabilities. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The useful lives of items of property, plant and equipment have been assessed as follows.

| Item | Average useful life |
|-------------------------------------|---------------------|
| Land | |
| • Land | Indefinite |
| Buildings | 30 years |
| Furniture and fixtures | |
| • Furniture and fittings | 7-10 years |
| Motor vehicles | 5 years |
| Office equipment | 7-10 years |
| IT equipment | 3- 5 years |
| Infrastructure | |
| • Roads and paving | 30 years |
| • Pedestrian malls | 30 years |
| • Dam | 30 years |
| Community | |
| • Buildings | 30 years |
| • Recreational facilities | 30 years |
| • Security | 5 years |
| Other property, plant and equipment | |
| • Specialist vehicles | 10 years |
| • other vehicles | 5 years |
| Landfill site | 15 years |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.3 Investment property

1.3.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under an operating lease held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

1.3.2 Subsequent measurement- cost model

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

| | |
|---------------------|----------|
| Investment property | 30 years |
|---------------------|----------|

1.4 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset. The impairment loss is recognised in surplus or deficit.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.4 Heritage assets (continued)

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.5 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition

Financial assets and financial liabilities are recognised on the municipality's Statement of Financial Position when the municipality becomes party to the contractual provisions of the instrument. The financial instruments are initially recognised at fair value.

The municipality does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5.2 Fair value methods and assumptions

The fair values of financial instruments are determined as follows:

The fair values of quoted investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on municipality-specific inputs.

1.5.3 The effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

1.5.4 Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Initial measurement

Financial instruments are initially measured at fair value plus in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Where the effect of any extended payment terms is not material no adjustments are made.

The fair value of a financial instrument is normally the transaction price, but may be affected by other factors which the entity takes into account when measuring fair value.

Regular way purchases or services are recognised using trade date accounting. All other financial instruments are recognised when the entity becomes a party to the contract.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement

Financial assets Financial assets are classified into the following categories: Loans and receivables Financial assets at fair value through profit or loss - Designated Financial assets at fair value through profit or loss - Held for trading

1.5.5 Available for sale

Available for sale financial assets are subsequently measured at fair value with changes in fair value being recognised directly in net assets (equity).

Cash and cash equivalents that do not have fixed and determinable payments, such as cash held in current or cheque accounts, are classified as available for sale financial assets.

1.5.6 Cash and cash equivalent

Cash and cash equivalents comprise demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk or changes in value. Where term deposits exceed three months, they are classified under another class of financial instrument, depending on the nature.

Cash and cash equivalents are subsequently recorded at fair value which always approximates face value.

1.5.7 Loans and receivables

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in the Statement of Financial Performance by applying the effective interest rate.

Trade and other receivables (excluding Value Added Taxation, prepayment and operating lease receivables), loans to group entities and loans that have fixed and determinable payments that are not in an active market are classified as loans and receivables.

1.5.8 Impairment

At reporting date, the municipality determines where there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivable or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for financial assets with the exception of a trade receivables, where the carrying amount is reduced through use of an allowance account. When a trade receivable is considered uncollectable it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credit in the Statement of Financial Position. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.5 Financial instruments (continued)

If in a subsequent period, the amount of the impairment loss is decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal may not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in the net assets and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in net assets shall be removed and recognised in the Statement of Financial Performance even though the financial asset has been derecognised.

The amount of the cumulative loss that is removed from net assets and recognised in the Statement of Financial Performance is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on the financial asset previously recognised in the Statement of Financial Performance.

1.5.9 Financial liabilities

Financial liabilities are classified into the following categories:

Financial liabilities at fair value through profit or loss

Financial liabilities held at amortised cost

Financial liabilities held at amortised cost

Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are included in financial liabilities held at amortised cost.

Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the effective interest rate method and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

1.5.10 Derecognition

The municipality derecognises a financial asset when and only when; the rights to the cash flows from the financial asset expire; or it transfers the financial asset and the transfer qualifies for derecognition. The entity firstly needs to evaluate the extent to which it retains the risks and rewards of ownership of the financial asset.

The municipality transfers a financial asset if and only if, it either: transfers the contractual rights to receive the cash flows of the financial asset; or retains the contractual rights to receive the cash flows of the financial asset.

The entity removes a financial liability (or part of financial liability) from its statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or called or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.5.11 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.5 Financial instruments (continued)

1.5.12 Unutilised conditional grants

Unutilised conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

Derecognition

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.7 Revenue

1.7.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
 - b) The amount of revenue can be measured reliably; and
 - c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Expenditure from exchange transaction

Expenditure arising from exchange-transactions is similar to the policy for exchange revenue.

1.7.2 Revenue from non-exchange transactions

Recognition

Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently revenue arising from a non-exchange transaction is measured at the fair value of the asset received less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.7 Revenue (continued)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

1.7.3 Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.8 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.9 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.10 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.11 Provision and Contingencies

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of the amount that would be recognised as a provision; and the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.12 Impairment of cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Value added tax

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

1.14 Employee benefits

1.15.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected costs of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.15.2 Retirement benefits

Whilst employees and councillors are employed by the municipality, the municipality contributes to their medical aid and pension funds. On termination, resignation or retirement of employees and councillors the municipality no longer contributes to the medical aid and pension funds on their behalf and thus there are no post employment benefits.

1.15 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Summary of Significant Accounting Policies

1.16 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.17 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.18 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.19 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.20 Gratuities

The municipality provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the statement of financial performance when the gratuity is paid.

1.21 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|--|--------------------|--------------------|
| 2. Investments | | |
| Designated at fair value | | |
| Call investments | 14,007,249 | 10,617,305 |
| Current assets | | |
| Designated at fair value | 14,007,249 | 10,617,305 |
| 3. Receivables from exchange transactions | | |
| Other receivables | 622,629 | 405,437 |
| 4. VAT receivable | | |
| VAT | 1,099,489 | 1,623,817 |
| 5. Consumer debtors | | |
| Gross balances | | |
| Rates | 8,499,891 | 7,448,589 |
| Refuse | 2,477,548 | 1,673,868 |
| | 10,977,439 | 9,122,457 |
| Less: Allowance for impairment | | |
| Rates | (6,375,998) | (5,957,138) |
| Refuse | (2,772,421) | (1,396,319) |
| | (9,148,419) | (7,353,457) |
| Net balance | | |
| Rates | 2,123,893 | 1,491,451 |
| Refuse | (294,873) | 277,549 |
| | 1,829,020 | 1,769,000 |
| Rates | | |
| Current (0 -30 days) | 526,133 | 821,602 |
| 31 - 60 days | 232,677 | 227,584 |
| 61 - 90 days | 148,823 | 224,057 |
| 91 - 120 days | 123,404 | 218,208 |
| 121 - 365 days | 6,516,865 | 5,687,881 |
| Impairment | (6,375,998) | (5,687,881) |
| | 1,171,904 | 1,491,451 |
| Refuse | | |
| Current (0 -30 days) | 140,582 | 120,763 |
| 31 - 60 days | 156,730 | 54,411 |
| 61 - 90 days | 151,614 | 50,274 |
| 91 - 120 days | 150,373 | 52,101 |
| 121 - 365 days | 2,830,266 | 1,665,603 |
| Allowance for impairment | (2,772,421) | (1,665,603) |
| | 657,144 | 277,549 |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

| | 2013 | 2012 |
|--|---------------------------|---------------------------|
| 5. Consumer debtors (continued) | | |
| Summary of debtors by customer classification | | |
| Residential | | |
| Current (0 -30 days) | 592,289 | 627,239 |
| 31 - 60 days | 327,081 | 243,724 |
| 61 - 90 days | 253,559 | 236,060 |
| 91 - 120 days | 226,901 | 232,038 |
| 121 - 365 days | 8,995,328 | 6,343,595 |
| | <u>10,395,158</u> | <u>7,682,656</u> |
| Less: Allowance for impairment | (7,802,429) | (7,353,457) |
| | <u>2,592,729</u> | <u>329,199</u> |
| National and provincial government | | |
| Current (0 -30 days) | 74,426 | 315,126 |
| 31 - 60 days | 62,327 | 38,271 |
| 61 - 90 days | 46,877 | 38,271 |
| 91 - 120 days | 46,876 | 38,271 |
| 121 - 365 days | 351,803 | 1,009,862 |
| | <u>582,309</u> | <u>1,439,801</u> |
| Total | | |
| Current (0 -30 days) | 666,715 | 942,365 |
| 31 - 60 days | 389,407 | 281,995 |
| 61 - 90 days | 300,437 | 274,331 |
| 91 - 120 days | 273,777 | 270,310 |
| 121 - 365 days | 9,347,131 | 7,353,457 |
| | <u>10,977,467</u> | <u>9,122,458</u> |
| Less: Allowance for impairment | (9,148,419) | (7,353,458) |
| | <u>1,829,048</u> | <u>1,769,000</u> |
| Reconciliation of allowance for impairment | | |
| Balance at beginning of the year | (7,353,457) | (990,640) |
| Contributions to allowance | (1,794,962) | (6,362,817) |
| | <u>(9,148,419)</u> | <u>(7,353,457)</u> |

Consumer debtors past due but not impaired

Consumer debtors which are less than 5 months past due are not considered to be impaired. At 30 June 2013, R 1 829 048- - (2012: R 1 769,027 -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

| | | |
|-------------------|------------------|------------------|
| 1 month past due | 666,715 | 634,470 |
| 2 months past due | 389,408 | 269,025 |
| 3 months past due | 300,437 | 287,045 |
| 4 months past due | 273,777 | 270,310 |
| 5 months past due | 198,712 | - |
| | <u>1,829,049</u> | <u>1 460 850</u> |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|-----------------|------|------|
|-----------------|------|------|

5. Consumer debtors (continued)

Consumer debtors impaired

As of 30 June 2013, consumer debtors of R 9,48,418 (2012: R 7,353,457) were impaired and provided for.

The amount of the provision was R 9,148, as of 30 June 2013 (2012: R 7,353,457).

The ageing of these loans are as follows:

| | | |
|---------------|-----------|-----------|
| Over 5 months | 9,148,418 | 7,353,457 |
|---------------|-----------|-----------|

6. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------------------|-------------------|------------------|
| Cash on hand | 395 | 3,200 |
| Bank balances | 22,008,618 | 2,282,522 |
| Other cash and cash equivalents | 2,773 | - |
| | 22,011,786 | 2,285,722 |

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | Cash book balances | | |
|------------------------------|-------------------------|------------------|--------------------|-------------------|------------------|
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 | |
| Standard Bank | 433,742 | 2,267,664 | - | 435,122 | - |
| First National Bank | 2,926,417 | - | - | (1,913,235) | - |
| First National Bank | 23,486,731 | - | - | 23,486,731 | - |
| Total | 26,846,890 | 2,267,664 | - | 22,008,618 | 2,282,522 |

7. Investment property

| | 2013 | | | 2012 | | |
|---------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 8,708,000 | - | 8,708,000 | 8,708,000 | - | 8,708,000 |

Reconciliation of investment property - 2013

| | Opening balance | Total |
|---------------------|-----------------|-----------|
| Investment property | 8,708,000 | 8,708,000 |

Reconciliation of investment property - 2012

| | Opening balance | Additions | Total |
|---------------------|-----------------|-----------|-----------|
| Investment property | 6,508,000 | 2,200,000 | 8,708,000 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality

Dannhauser Local Municipality
Annual Financial Statements for the year ended 30 June 2013

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8. Property, plant and equipment

| | 2013 | | 2012 | |
|------------------------|---------------------|---|---------------------|---|
| | Cost / Valuation | Accumulated depreciation and impairment | Cost / Valuation | Accumulated depreciation and impairment |
| Land | 1,138,950 | - | 1,138,950 | 3,433,721 |
| Buildings | 220,929,295 | (135,402,300) | 85,526,985 | (128,484,375) |
| Plant and machinery | 1,874,666 | (988,839) | 885,827 | (936,412) |
| Furniture and fixtures | 2,307,433 | (1,194,036) | 1,113,397 | (987,751) |
| Motor vehicles | 11,489,920 | (3,585,121) | 7,904,799 | (2,807,145) |
| IT equipment | 1,951,063 | (1,201,051) | 750,012 | (1,241,188) |
| Infrastructure | 299,255,340 | (162,124,077) | 137,131,263 | (146,752,743) |
| Total | 538,946,667 | (304,495,424) | 234,451,243 | (281,009,614) |
| | | | 513,976,798 | 232,957,184 |

Reconciliation of property, plant and equipment - 2013

| | Opening balance | Additions | Disposals | Transfers | Work in progress | Revaluation | Other changes, movements | Depreciation | Impairment loss | Total |
|-------------------------|--------------------|-------------------|-----------------|-------------|---------------------|------------------|--------------------------------|---------------------|--------------------|--------------------|
| Land | 3,433,721 | - | - | (2,294,771) | - | - | - | (4,437,362) | - | 1,138,950 |
| Buildings | 90,775,445 | 1,679,475 | - | - | - | - | - | (168,774) | (2,490,563) | 85,526,995 |
| Machinery and equipment | 842,801 | 37,675 | (4,034) | - | 183,270 | 46,983 | 17,773 | (249,684) | (52,094) | 885,827 |
| Furniture and fixtures | 1,165,677 | 181,208 | - | - | 16,723 | 16,723 | 22,559 | (1,261,344) | (18,300) | 1,113,397 |
| Motor vehicles | 8,291,671 | 398,221 | - | - | 494,290 | 22,559 | 23,350 | (225,800) | (40,598) | 7,904,799 |
| IT equipment | 814,092 | 125,629 | (1,583) | - | 36,104 | 308,400 | - | (16,614,636) | (21,780) | 750,012 |
| Infrastructure | 127,643,777 | 15,408,167 | (12,736) | 2,294,771 | 8,111,348 | 308,400 | - | (16,614,636) | (7,828) | 137,131,263 |
| Total | 232,967,184 | 17,830,375 | (18,353) | - | 8,111,348 | 1,038,787 | 110,665 | (22,957,600) | (2,631,163) | 234,451,243 |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

| | Opening balance | Additions | Disposals | Work in Progress | Depreciation | Depreciation on disposal | Impairment loss | Total |
|------------------------|--------------------|-------------------|------------------|-------------------|---------------------|--------------------------|------------------|--------------------|
| Land | 1,138,950 | 2,294,771 | - | - | - | - | - | 3,433,721 |
| Buildings | 88,539,174 | 3,351,346 | - | 3,302,517 | (4,417,592) | - | - | 90,775,445 |
| Plant and machinery | 790,269 | 326,936 | (9,907) | - | (217,513) | - | - | 842,801 |
| Furniture and fixtures | 788,939 | 645,382 | (10,637) | - | (240,234) | 6,206 | (53,190) | 1,166,677 |
| Motor vehicles | 4,516,642 | 5,012,977 | (99,043) | - | (1,122,515) | 526 | (18,299) | 8,291,671 |
| IT equipment | 610,251 | 553,961 | (33,188) | - | (283,582) | 24,208 | (40,598) | 814,092 |
| Infrastructure | 131,774,008 | 2,445,266 | - | 9,797,973 | (16,373,470) | - | (23,350) | 127,643,777 |
| Heritage assets | 228,158,233 | 14,630,639 | (152,775) | 13,100,490 | (22,684,906) | 30,940 | (135,437) | 232,987,184 |

9. Intangible assets

| | 2013 | 2012 |
|-------------------|---|----------------|
| Cost / Valuation | Accumulated amortisation and impairment | Carrying value |
| Cost / Valuation | Accumulated amortisation and impairment | Carrying value |
| 343,143 | (296,956) | 46,187 |
| 341,249 | (276,270) | 64,979 |
| Computer software | | |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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| Figures in Rand | 2013 | 2012 | | | | |
|---|-------------------------|--------------------------------------|-----------------------|-------------------------|--------------------------------------|-----------------------|
| 9. Intangible assets (continued) | | | | | | |
| Reconciliation of intangible assets - 2013 | | | | | | |
| | Opening balance | Additions | Amortisation | Total | | |
| Computer software | 64,979 | 1,895 | (20,687) | 46,187 | | |
| Reconciliation of intangible assets - 2012 | | | | | | |
| | Opening balance | Additions | Amortisation | Total | | |
| Computer software | 64,192 | 56,108 | (55,321) | 64,979 | | |
| 10. Heritage assets | | | | | | |
| | 2013 | | | 2012 | | |
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Mayoral chain | 55,576 | - | 55,576 | 55,576 | - | 55,576 |
| Reconciliation of heritage assets 2013 | | | | | | |
| | | | | Opening balance | | Total |
| Mayoral chain | | | | 55,576 | | 55,576 |
| Reconciliation of heritage assets 2012 | | | | | | |
| | | | | Opening balance | | Total |
| Mayoral chain | | | | 55,576 | | 55,576 |
| 11. Operating lease | | | | | | |
| Current liabilities | | | | (6,664) | | (26,189) |
| 12. Payables from exchange transactions | | | | | | |
| PAYE, UIF and SDL | | | | 1,534,361 | | 1,888,718 |
| Accrued leave pay | | | | 1,083,110 | | 948,693 |
| Retentions on contracts with creditors | | | | 1,186,490 | | 1,186,490 |
| Trade accruals | | | | 3,685,774 | | 10,593,428 |
| Creditors control | | | | 678,042 | | - |
| Salary control leave encashment | | | | 399,541 | | 559,706 |
| | | | | 8,567,318 | | 15,177,035 |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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| Figures in Rand | 2013 | 2012 |
|--|-------------------|------------------|
| 13. Unspent conditional grants and receipts | | |
| Unspent conditional grants and receipts comprises of: | | |
| Storm relief | 2,154,759 | 2,154,759 |
| MIG retention | 174,564 | 373,537 |
| Tourism support grant | 61,379 | 61,379 |
| GIS grant | 66,053 | 66,053 |
| Emafasini KNPA roads project | 112,437 | 112,437 |
| Rural infrastructure | 344,148 | 344,148 |
| Land use management systems | 102,354 | 102,354 |
| Kwagule bakery-reserves | 53,440 | 53,440 |
| IMP monitoring system (KZN Province) | 58,830 | 58,830 |
| Health RSC-cemetery project | 58,336 | 58,336 |
| Mig Guarantee | 767,743 | 767,743 |
| MIG grant | - | (197,996) |
| Community Library Grant | (225,519) | - |
| MSIG grant | - | (442,655) |
| Electrification grant | (2,139,480) | (2,139,480) |
| Community participation grant | 40,095 | - |
| Small Town Rehab | 6,408,383 | - |
| Electrification Grant 2 | 15,375,000 | - |
| | 23,412,522 | 1,372,885 |

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

14. Provisions

Reconciliation of provisions - 2013

| | Opening Balance | Additions | Total |
|---------------|-----------------|-----------|-----------|
| Landfill site | 3,255,000 | 162,750 | 3,417,750 |

Reconciliation of provisions - 2012

| | Opening Balance | Additions | Total |
|---------------|-----------------|-----------|-----------|
| Landfill site | 3,100,000 | 155,000 | 3,255,000 |

The provision for landfill site is the cost of levelling the land in the next financial year. The landfill site is levelled on an annual basis, the provision is calculated based on the costs incurred in the current financial year in respect to levelling and this had been adjusted for inflation. The amount provided is the best estimate calculated.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

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15. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Post-employment medical benefits

(14,842,988) (11,786,918)

The Council and its employees contribute to the Natal Joint Municipal Pension Fund's three funds which provide retirement benefits to such employees.

The funds are subject to the Pension Funds Act 1956, and are self administered, defined benefit plans. Pensions are calculated on the average annual pensionable emoluments during the last years of service. Current contributions are charged against operating income on the basis of current service costs. Full actuarial valuations are performed every three years. Certain employees of the municipality belong to the Natal Joint Municipal Pension Fund (retirement), Natal Joint Municipal Pension Fund (provident) and Natal Joint Municipal Pension Fund (superannuation) which are administered by the Province.

These funds are subject to a triennial valuation. In 2013 financial year Aziye Group Holdings conducted an actuarial valuation for Dannhauser Local Municipality. Aziye Group Holdings recommended a provision to be made to cover the post retirement liabilities to the amount of R14 842 988.00.

Changes in the present value of the defined benefit obligation are as follows:

| | | |
|--|-------------------|-------------------|
| Opening balance | 11,786,918 | 5,316,046 |
| Net expense recognised in the statement of financial performance | 3,056,070 | 6,470,872 |
| | 14,842,988 | 11,786,918 |

Net expense recognised in the statement of financial performance

| | | |
|----------------------|-----------|-----------|
| Current service cost | 3,056,070 | 6,470,872 |
|----------------------|-----------|-----------|

Key assumptions used

Assumptions used at the reporting date:

| | | |
|--|---------|---------|
| Average Retirement age-female | 60 | 60 |
| Average Retirement age-male | 63 | 63 |
| Discount rates used | 8.80 % | 8.80 % |
| Annual salary inflation | 8.00 % | 8.00 % |
| General increase to medical aid contribution | 12.00 % | 12.00 % |
| Proportion continuing membership at retirement | 63.00 % | 63.00 % |
| Proportion of retiring members who are married | 90.00 % | 90.00 % |
| Percentage of Salary contributing to medical aid | 20.00 % | 20.00 % |
| Future Pensioners Medical Inflation | 12.00 % | 12.00 % |
| Mortality of in service members(Light) | 2.00 % | 2.00 % |
| Mortality of pensioners ultimate (male& female) | 12.00 % | 12.00 % |

• It was also assumed that there would be no contribution reduction as a result of divorce / child death. This assumption would result in a prudent provision.

16. Service charges

Refuse removal

826,492 755,190

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|-----------------------------|--------------------|--------------------|
| 17. Other income | | |
| Drivers license cards | 237,192 | 184,585 |
| Rates clearing certificates | 17,009 | 17,432 |
| Cemetery fees | 12,056 | 12,938 |
| Encroachments | 1,110 | 1,110 |
| Sundry income | 226,033 | 151,576 |
| Housing claims | 72,628 | - |
| | 566,028 | 367,641 |
| 18. Property rates | | |
| Rates received | | |
| Residential | 2,806,124 | 2,632,243 |
| Commercial | 5,604,042 | 5,256,788 |
| State | 282,999 | 265,463 |
| | 8,693,165 | 8,154,494 |
| Valuations | | |
| Residential | 682,277,600 | 682,277,600 |
| Commercial | 81,601,000 | 81,601,000 |
| State | 144,414,000 | 144,414,000 |
| | 908,292,600 | 908,292,600 |

Valuations on land and buildings are performed every four years. The last valuation came into effect on 02 June 2008. Interim valuations are processed as when municipality become aware of changes in the individual property values due to alterations.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

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| | 2013 | 2012 |
|--|-------------------|-------------------|
| 19. Government grants and subsidies | | |
| Equitable share | | |
| Financial Management Grant | 47,502,000 | 39,598,000 |
| MIG Grant | 1,250,000 | 1,250,000 |
| Small Town Rehabilitation Grant | 18,604,000 | 18,606,309 |
| Community Library Grant | 3,591,617 | - |
| Community participation grant | - | 8,487,213 |
| Community Part Grant Income | - | (3,071,305) |
| MSIG Grant | 159,905 | - |
| | 800,000 | 1,582,005 |
| | 71,907,522 | 66,462,222 |
| Equitable Share | | |
| In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. | | |
| Storm relief | | |
| Balance unspent at beginning of the period | | |
| Current-year receipts | 2,154,759 | 2,154,759 |
| Conditions met - transferred to revenue | - | - |
| | 2,154,759 | 2,154,759 |
| Conditions still to be met - remain liabilities (see note 13). | | |
| MIG Retention | | |
| Balance unspent at beginning of the period | | |
| Current-year receipts | 373,537 | 897,092 |
| Conditions met - transferred to revenue | (198,973) | (523,555) |
| | 174,564 | 373,537 |
| Conditions still to be met - remain liabilities (see note 13). | | |
| Tourism Support Grant | | |
| Balance unspent at beginning of the period | | |
| Current-year receipts | 61,379 | 208,529 |
| Conditions met - transferred to revenue | - | (147,150) |
| | 61,379 | 61,379 |
| Conditions still to be met - remain liabilities (see note 13). | | |
| GIS Grant | | |
| Balance unspent at beginning of the period | | |
| Current-year receipts | 66,053 | 66,053 |
| Conditions met - transferred to revenue | - | - |
| | 66,053 | 66,053 |
| Conditions still to be met - remain liabilities (see note 13). | | |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|--|----------------|----------------|
| 19. Government grants and subsidies (continued) | | |
| Emafusini KNPA roads project | | |
| Balance unspent at beginning of the period | 112,437 | 112,437 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| | 112,437 | 112,437 |
| Conditions still to be met - remain liabilities (see note 13). | | |
| Rural infrastructure | | |
| Balance unspent at beginning of the period | 344,148 | 344,148 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| | 344,148 | 344,148 |
| Conditions still to be met - remain liabilities (see note 13). | | |
| Land use management systems | | |
| Balance unspent at beginning of the period | 102,354 | 102,354 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| | 102,354 | 102,354 |
| Conditions still to be met - remain liabilities (see note 13). | | |
| Kwagule bakery-reserves | | |
| Balance unspent at beginning of the period | 53,440 | 53,440 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| | 53,440 | 53,440 |
| Conditions still to be met - remain liabilities (see note 13). | | |
| IMP monitoring system (KZN Province) | | |
| Balance unspent at beginning of the period | 58,830 | 58,830 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| | 58,830 | 58,830 |
| Conditions still to be met - remain liabilities (see note 13). | | |
| Health RSC-cemetery project | | |
| Balance unspent at beginning of the period | 58,336 | 58,336 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| | 58,336 | 58,336 |
| Conditions still to be met - remain liabilities (see note 13). | | |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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19. Government grants and subsidies (continued)

Provide explanations of conditions still to be met and other relevant information.

MIG Guarantee

| | | |
|--|----------------|----------------|
| Balance unspent at beginning of the period | 767,743 | 831,208 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | (63,465) |
| | <u>767,743</u> | <u>767,743</u> |

Conditions still to be met - remain liabilities (see note 13).

MIG Grant

| | | |
|--|--------------|------------------|
| Balance unspent at beginning of the period | (197,996) | - |
| Current-year receipts | 18,604,000 | 15,337,000 |
| Conditions met - transferred to revenue | (18,406,004) | (15,534,996) |
| | <u>-</u> | <u>(197,996)</u> |

Conditions still to be met - remain liabilities (see note 13).

Financial Management Grant

| | | |
|--|-------------|-------------|
| Balance unspent at beginning of the period | - | - |
| Current-year receipts | 1,250,000 | 1,250,000 |
| Conditions met - transferred to revenue | (1,250,000) | (1,250,000) |
| | <u>-</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 13).

Community Library Grant

| | | |
|---|------------------|----------|
| Current-year receipts | 267,000 | - |
| Conditions met - transferred to revenue | (492,519) | - |
| | <u>(225,519)</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 13).

MSIG Grant

| | | |
|--|-----------|------------------|
| Balance unspent at beginning of the period | (442,655) | 234 800 |
| Current-year receipts | 800,000 | 790 000 |
| Conditions met - transferred to revenue | (357,345) | (1,467,455) |
| | <u>-</u> | <u>(442,655)</u> |

Conditions still to be met - remain liabilities (see note 13).

Electrification Grant

| | | |
|--|--------------------|--------------------|
| Balance unspent at beginning of the period | (2,139,480) | (2,139,480) |
| Current-year receipts | - | - |
| | <u>(2,139,480)</u> | <u>(2,139,480)</u> |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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| | 2013 | 2012 |
|--|------------------|------|
| 19. Government grants and subsidies (continued) | | |
| Conditions still to be met - remain liabilities (see note 13). | | |
| Community Participation Grant | | |
| Balance unspent at beginning of the period | - | - |
| Current-year receipts | 200,000 | - |
| Conditions met - transferred to revenue | (159,905) | - |
| | <u>40,095</u> | - |
| Conditions still to be met - remain liabilities (see note 13). | | |
| SmallTown Rehabilitation Grant | | |
| Current-year receipts | 10,000,000 | - |
| Conditions met - transferred to revenue | (3,591,617) | - |
| | <u>6,408,383</u> | - |
| Conditions still to be met - remain liabilities (see note 13). | | |
| Electrification Programme Grant2 | | |
| Current-year receipts | 15,375,000 | - |
| Conditions still to be met - remain liabilities (see note 13). | | |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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| Figures in Rand | 2013 | 2012 |
|--|-------------------|-------------------|
| 20. Employee related costs | | |
| Employee related costs – salaries and wages | 10,401,447 | 10,288,097 |
| Employee related costs - Casual Salaries and Wages | 632,898 | 577,176 |
| Medical aid - company contributions | 1,437,542 | 1,703,484 |
| Travel, motor car, accommodation, subsistence and other allowances | 1,142,828 | 366,565 |
| Housing benefits and allowances | 18,555 | 18,102 |
| Overtime payments | 332,028 | 515,143 |
| Performance and other bonuses | 544,636 | 831,897 |
| Other employee related costs | 153,295 | 100,503 |
| Stand-by | 34,823 | - |
| | 14,698,052 | 14,400,967 |
| Remuneration of Municipal Manager | | |
| Annual Remuneration | 435,666 | 386,606 |
| Car Allowance | 240,000 | 312,647 |
| Performance Bonuses | 80,000 | 67,389 |
| Contributions to UIF, Medical and Pension Funds | 44,334 | 50,543 |
| | 800,000 | 817,185 |
| Remuneration of Chief Finance Officer | | |
| Annual Remuneration | 46,354 | - |
| Car Allowance | 47,442 | - |
| Contributions to UIF, Medical and Pension Funds | 18,637 | - |
| Backpay | 13,297 | - |
| Other | 1,036 | - |
| | 126,766 | - |

Mrs D Mohapi was appointed in May 2013 as a Chief Financial Officer. There was no Chief Financial Officer in the previous year.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|--|------------------|------------------|
| 20. Employee related costs (continued) | | |
| Remuneration of Technical Service Director | | |
| MR DL Walker | | |
| Annual Remuneration | 195,241 | 252,008 |
| Car Allowance | 36 176 | 58,231 |
| Performance Bonuses | 16,075 | 21,203 |
| Contributions to UIF, Medical and Pension Funds | 25,875 | 65,051 |
| Telephone | 4,359 | - |
| Backpay | 1,378 | - |
| Other | 38,714 | - |
| | 317,818 | 396,493 |
| MR Nene | | |
| Annual Remuneration | 100 100 | - |
| Car Allowance | 44,764 | - |
| Contributions to UIF, Medical and Pension Funds | 16,320 | - |
| Telephone | 2,000 | - |
| Other | 1,360 | - |
| | 164,544 | - |
| Remuneration of Corporate Services Director | | |
| Annual Remuneration | 244,064 | 227,567 |
| Car Allowance | 51,540 | 60,832 |
| Performance Bonuses | 20,391 | 18,049 |
| Contributions to UIF, Medical and Pension Funds | 75,260 | 68,137 |
| Telephone Allowance | 6,000 | - |
| Backpay | 1,245 | - |
| Other | 59,237 | - |
| | 457,737 | 374,585 |
| Remuneration of Community Services Director | | |
| Annual Remuneration | 244,064 | 227,567 |
| Car Allowance | 52,218 | 63,946 |
| Performance Bonuses | 19,147 | 18,049 |
| Contributions to UIF, Medical and Pension Funds | 120,525 | 103,624 |
| Telephone | 6,000 | - |
| Backpay | 2,489 | - |
| Bond | 6,264 | - |
| Other | 3,462 | - |
| | 454,169 | 413,186 |
| 21. Remuneration of Councillors | | |
| Executive Mayor (allowance and travel) | 538,100 | 408 927 |
| Deputy Executive Mayor (allowance and travel) | 246,471 | 256,520 |
| Speaker (allowance and travel) | 444,471 | 327 638 |
| Councillors (allowance and travel) | 2 654,323 | 2 895,772 |
| Executive Committee Members (allowance and travel) | 473,211 | 455 204 |
| | 4,356,576 | 4,344,061 |

Dannhauser Local Municipality

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| | 2013 | 2012 |
|--|-------------------|-------------------|
| 21. Remuneration of Councillors (continued) | | |
| In-kind benefits | | |
| The Mayor, Deputy Mayor, Speaker and Executive Committee Members are all part time. | | |
| The Mayor is entitled to the use and enjoyment of a vehicle at no cost to her. This vehicle is leased by the Council from Fleet Africa. An office is also provided to the mayor which includes a full time personal assistant. | | |
| 22. Depreciation and amortisation | | |
| Property, plant and equipment | 22,887,322 | 22,664,906 |
| Intangible assets | 20,687 | 55,321 |
| | 22,718,009 | 22,720,227 |
| 23. Impairment of assets | | |
| Impairments | | |
| Property, plant and equipment | 2,631,163 | 135,437 |
| 24. Grants and subsidies paid | | |
| Equitable share : FBS & FBE | 637,405 | 403,516 |
| FMG Expense | 1,250,000 | 1,410,001 |
| MSIG Expense | 800,000 | 1,131,628 |
| Municipal Zibambele | 440,023 | - |
| Inter Electrical Project | - | 8,000,000 |
| Library grant | - | 236,554 |
| Community participation grant | 189,205 | - |
| | 3,316,633 | 11,181,699 |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

| | 2013 | 2012 |
|--------------------------------------|-------------|-----------|
| 25. General expenses | | |
| Advertisements | | |
| Refuse Bins/Bags | 303,683 | 295,549 |
| Audit Fees-External | 47 113 | 67,541 |
| Bad debts written off | 1,464,307 | 1,226,576 |
| Bank charges | 1,345,989 | 6,362,817 |
| Books and publications | 108,215 | 110,753 |
| Burial of destitute | 4,304 | 1,263 |
| By law and acts | 149,643 | 124,626 |
| Catering | 1,812 | 11,100 |
| Chemicals | 145,004 | 121,501 |
| Cleaning material | 17,982 | 20,452 |
| Computer expenses | 50,117 | 53,259 |
| Condolatory fund | - | (362) |
| Conferences and seminars | (304) | 4,220 |
| Conventions | 534,922 | 475,664 |
| Culture | - | 510,767 |
| Contribution to Capital Budget | 117,961 | 387,856 |
| Disabled projects | (1,164,213) | - |
| Disaster rehabilitation | 2,900 | 77,158 |
| Electricity | - | 460,014 |
| Entertainment | 898,955 | 899,482 |
| Facilitation | 30,000 | 40,173 |
| Gender | 17,615 | 26,330 |
| HIV Aids grant expenditure | 144,478 | 575,391 |
| Hire of machinery | 162,128 | 611,361 |
| Insurance | 3,472,441 | 4,818,687 |
| LED | 471,220 | 457,331 |
| Land Use Management (LUMS) | 286,813 | 91,495 |
| Legal costs | - | 26,526 |
| License fees | 95,363 | 116,246 |
| License fees | - | 25 |
| Loose tools | 26,213 | 16,452 |
| Maps and plans | 1,214 | 495 |
| Seeds and Plants | 7,528 | 6,105 |
| Mayoral expenses | 4,472 | 886 |
| Membership fees | 292,718 | 362,072 |
| Postage fees | 450,000 | 400,000 |
| Printing and Stationary | 131,842 | 109,817 |
| Professional Fees | 285,829 | 301,919 |
| Professional services | 3,585,539 | 2,676,960 |
| Project launch costs | 324,690 | 341,102 |
| Promote IDP | 231,911 | 112,447 |
| Promote public participation | 187,544 | 291,466 |
| Alternative Energy | 392,445 | 418,216 |
| Provision for landfill site | 1,160,901 | 1,518,440 |
| Provision for leave pay | 162,750 | 155,000 |
| Public satisfaction survey | 275,685 | 141,268 |
| Marketing and corporate | - | 80,000 |
| Rental land | 211,043 | 193,511 |
| Rental office machine | 122,149 | 148,089 |
| Road Marking | 591 370 | 620 809 |
| Safety equipment | 1,930 | 75,152 |
| Security and alarms | 38 | 59 786 |
| Senior citizen / disaster management | 986 892 | 866,817 |
| Skills levy | 1,514,932 | 2 400,535 |
| Sports | 168 589 | 157,926 |
| Sports fields | 450,879 | 695,664 |
| Stock material and other | - | 18,410 |
| Subscriptions | 30 286 | 2,514 |
| | - | 939 |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

| | 2013 | 2012 |
|--|-------------------|-------------------|
| 25. General expenses (continued) | | |
| Subsistence and travelling | | |
| Sundry expenses | 1,449,297 | 1,432,240 |
| Telephone | 312 | 50,670 |
| Tourism | 698,944 | 745,210 |
| Town cleaning | - | 3,250 |
| Training direct expense | 855 | 2,997 |
| Translation / Interpretation | 367,501 | 538,742 |
| Transport official vehicles | - | 1,274 |
| Valuation Costs -Interims | 1,164,933 | 859,652 |
| VAT Adjustment | 200,788 | (67,974) |
| Entertainment | (2,331,871) | (3,101,182) |
| Valuation reduction | 54,208 | 43,882 |
| Ward constituency meeting | 1,083,590 | 1,323,835 |
| Ward council committee | 759,309 | 731,154 |
| Water | 1,631,359 | 1,041,987 |
| Workman's compensation | 102,260 | 155,591 |
| Youth | - | 16,867 |
| | 124,885 | 341,280 |
| | 25,614,207 | 34,266,053 |
| 26. Auditors' remuneration | | |
| Fees | 1,464,307 | 1,226,576 |
| 27. Rental of facilities and equipment | | |
| Premises | | |
| Rental of investment properties | 127,651 | 103,909 |
| 28. Cash generated from operations | | |
| Surplus (deficit) | 4,731,403 | (17,765,448) |
| Adjustments for: | | |
| Depreciation and amortisation | 22,718,009 | 22,720,227 |
| (Gain)/ Loss on disposal of asset | (141,394) | 121,834 |
| Impairment deficit | 2,631,163 | 135,437 |
| Movements in operating lease assets and accruals | (19,525) | - |
| Movements in retirement benefit assets and liabilities | 3,056,070 | 6,470,872 |
| Movements in provisions | 162,750 | 155,000 |
| Provision for Bad Debts | - | 6,362,817 |
| Leave Accrual | - | 141,268 |
| Changes in working capital: | | |
| Receivables from exchange transactions | (217,192) | 154,606 |
| Consumer debtors | (60,020) | (583,943) |
| Payables from exchange transactions | (6,609,717) | 6,267,198 |
| VAT | 524,328 | 1,017,687 |
| Unspent conditional grants and receipts | 22,039,637 | (6,858,509) |
| Movement in reserve | 84,367 | 545,179 |
| | 48,899,879 | 18,884,225 |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

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2013

2012

29. Commitments

Commitments in respect of capital expenditure

Already approved and contracted for

- Infrastructure

360,000

1,372,884

Already approved and but not yet contracted for

- Other financial assets

19,375,000

-

This committed expenditure relates to infrastructure assets and will be financed by available bank facilities, Small Town rehabilitation grant, retained surpluses, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year
- in second to fifth year inclusive

25,307

36,508

318,259

177,118

343,566

213,626

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year
- in second to fifth year inclusive

83,144

24,705

191,391

124,187

274,535

148,892

30. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The municipality's financial liabilities are all classified as current liabilities, payable within the next 12 months.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|-----------------|------|------|
|-----------------|------|------|

30. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument | 2013 | 2012 |
|-----------------------------|------------|------------|
| Cash at bank | 3,168 | 2,286,722 |
| Investments | 13,458,115 | 10,617,305 |
| Trade and other receivables | 8,024,222 | 2,174,438 |
| Vat Receivable | 4,460,798 | 1,623,817 |

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. The municipality has no interest bearing liabilities.

31. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|---------------------------------|---------|---|
| Current year subscription / fee | 450,000 | - |
|---------------------------------|---------|---|

Audit fees

| | | |
|---------------------------------|----------------|----------------|
| Opening balance | 977,418 | 977,418 |
| Current year subscription / fee | 770,795 | 977,418 |
| Amount paid - previous years | (770,795) | (977,418) |
| | 977,418 | 977,418 |

PAYE and UIF

| | | |
|---------------------------------|-------------------|-------------------|
| Opening balance | 41,819,429 | 1,062,829 |
| Current year subscription / fee | 2,257,081 | 40,756,600 |
| Amount paid - current year | (2 257,081) | - |
| | 41,819,429 | 41,819,429 |

Pension and Medical Aid Deductions

| | | |
|---------------------------------|-------------|-----------|
| Current year subscription / fee | 3,512,552 | 432 952 |
| Amount paid - current year | (3,512,552) | (432,952) |
| | - | - |

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|-----------------|------|------|
|-----------------|------|------|

31. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

| | | |
|----------------|-----------|-----------|
| VAT receivable | 1,099,489 | 1,623,817 |
|----------------|-----------|-----------|

VAT output payables and VAT input receivables are shown in note 3.

All VAT returns have been submitted by the due date throughout the year.

32. Fruitless and wasteful expenditure

| | | |
|---|----------------|----------|
| Penalties and interest on late payment | 194,565 | - |
| Eskom and Telkom interest on late Payment | 2,721 | - |
| Condoned and written off by Council | (2,721) | - |
| | <u>194,565</u> | <u>-</u> |

33. Changes in accounting policy

The Municipality adopted the exempt portions of the following International Accounting Standards for the first time during the financial year 2012/2013 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. This has been implemented retrospectively as at 30 June 2013.

- Grap 21 Implementation of Non- Cash generating Assets
- Grap 23 Revenue from Non- exchange Transactions
- Grap 24 Presentation of Budget information in Financial statements
- Grap 26 Impairment of Cash- Generating Assets
- Grap 103 Heritage Assets
- Grap 104 Financial Instruments

The Accounting policies were changed in accordance with these new standards of GRAP and restatements were necessary for GRAP 103, Heritage Assets.

A Budget Statement and Annexures E(1) to E(5) included in these financial statements to comply with Grap 24.

The disclosure of Financial Instruments in Note was changed in accordance with GRAP 104

None of these GRAP standards had an effect on the financial position of the municipality

GRAP 103- Heritage Assets

The municipality elected to prepare its Accounting Policies for Heritage Assets in terms of Grap 103 for the financial year 2012/2013. The full net assets have recognised retrospectively in the Annual Financial Statements.

The comparative amounts have been restated.

The prior year figures of property plant and equipment and Heritage assets have been restated to correctly disclose the assets held by the municipality in terms of GRAP 103.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 2013 is as follows

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|-----------------|------|------|
|-----------------|------|------|

33. Changes in accounting policy (continued)

Statement of financial position

Reclassification of Property, plant and equipment and Heritage Assets

| | Property plant and equipment | Heritage Assets |
|--|------------------------------|-----------------|
| Balances as published as at 30 June 2012 | 233,022,780 | - |
| Transfers to Heritage | (55,576) | 55,576 |
| | <u>232,967,184</u> | <u>55,576</u> |

34. Contingencies

Litigation and claims against the municipality consist of:

- A claim by Rafiq Khan & Company which has an estimated payment amount of R10 000.
- A claim by Roy Ramdaw in which a fair estimate of R500 000 was provided.

The outcomes of the claims listed above are possible but unlikely.

The Backpays with an estimated amount of R271 138.69 has been declared as a possible payments that has to be made by the Municipality in the near future.

35. Prior period errors

The Cash Flow statement for the Prior year has been restated due to prior year errors.

Operating lease liability was overstated in the prior year annual financial statements .

The error is corrected in the current financial year (see note 35).

The correction of the error(s) results in adjustments as follows:

Statement of financial position

| | | |
|---------------------|----------|---|
| Operating lease | (11,006) | - |
| Accumulated surplus | 11,006 | - |

36. Irregular expenditure

Add: Irregular Expenditure - current year

17,139,985 -

Details of irregular expenditure – current year

The current year irregular expenditure is made up of the following reasons :

The Bid adjudication committee did not compose of four(4) as per SCM regulation, because the CFO was not appointed at that time. All bids awarded during that period had to be categorised as non compliance and also award that were given to the suppliers without three quotations and valid tax clearance.

Appendix A

Schedule of external loans as at 30 June 2010

| Loan Number | Redeemable | Balance at 30 June 2012 | Received during the period | Redeemed written off during the period | Balance at 30 June 2013 | Carrying Value of Property, Plant & Equip | Other Costs in accordance with the MFMA |
|----------------------------------|------------|-------------------------|----------------------------|--|-------------------------|---|---|
| | | Rand | Rand | Rand | Rand | Rand | Rand |
| Loan Stock | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| Structured loans | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| Funding facility | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| Development Bank of South Africa | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |

Schedule of external loans as at 30 June 2010

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Schedule of external loans as at 30 June 2010

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Appendix B

Analysis of property, plant and equipment as at 30 June 2013 Accumulated depreciation

Cost/Revaluation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Under Construction Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|--|----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Land and buildings | | | | | | | | | | | | | | |
| Land (Separate for AFS purposes) | 1 138 950 | - | - | - | - | - | 1 138 950 | - | - | - | - | - | - | 1 138 950 |
| Landfill Sites (Separate for AFS purposes) | 5 394 771 | - | - | - | - | - | 5 394 771 | (155 000) | - | - | (280 739) | - | (424 739) | 4 970 032 |
| Quarries (Separate for AFS purposes) | - | 1 653 948 | (10 000) | - | - | - | 220 903 768 | (128 484 375) | 10 000 | - | (4 438 852) | - | (132 811 227) | 87 982 541 |
| Buildings (Separate for AFS purposes) | 219 259 820 | - | - | - | - | - | 227 437 488 | (128 639 376) | 10 000 | - | (4 706 591) | - | (133 335 966) | 94 101 523 |
| | 225 793 541 | 1 653 948 | (10 000) | - | - | - | 227 437 488 | (128 639 376) | 10 000 | - | (4 706 591) | - | (133 335 966) | 94 101 523 |
| Infrastructure | | | | | | | | | | | | | | |
| Roads, Pavements & Bridges | 244 487 728 | 15 202 027 | (190 274) | - | - | - | 259 600 481 | (133 808 269) | 190 274 | - | (15 500 948) | (3 778) | (148 122 719) | 110 385 762 |
| Storm water | 6 466 166 | - | (33 516) | - | - | - | 6 432 650 | (4 141 393) | 20 780 | - | (128 791) | (1 658) | (4 252 030) | 2 170 620 |
| Generation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Road Sign and Street Name | 286 800 | 10 800 | - | - | - | - | 297 600 | (205 060) | - | - | (28 766) | - | (234 840) | 62 790 |
| Street lighting | 2 535 200 | 685 240 | - | - | - | - | 3 220 440 | (1 470 320) | - | - | (97 947) | - | (1 588 287) | 1 702 173 |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water purification | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cemeteries | 3 907 800 | 48 500 | - | - | - | - | 3 956 300 | (1 541 193) | - | - | (241 018) | - | (1 782 211) | 2 174 089 |
| Sewerage purification | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks) | 0 324 645 | - | (183 600) | - | - | - | 6 141 045 | (3 320 232) | 183 600 | - | (253 981) | - | (3 390 293) | 2 750 753 |
| | 284 106 339 | 15 896 567 | (407 390) | - | - | - | 279 597 516 | (144 486 487) | 394 854 | - | (18 283 085) | (5 442) | (160 350 360) | 119 247 158 |
| Community Assets | | | | | | | | | | | | | | |
| Parks & gardens | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sports fields and stadium | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Swimming pools | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community halls | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sport and Recreational facilities | 3 997 231 | - | - | - | - | 8 111 348 | 12 108 579 | (1 204 506) | - | - | (392 288) | - | (1 596 794) | 10 511 785 |
| Clinics | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Museums & art galleries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Social rental housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cemeteries | 3 190 950 | - | (906 750) | - | - | - | 2 284 200 | (806 750) | 906 750 | - | - | - | - | 2 284 200 |
| Fire safety & emergency | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 7 188 181 | - | (906 750) | - | - | 8 111 348 | 14 392 779 | (2 111 266) | 906 750 | - | (392 288) | - | (1 596 794) | 12 795 985 |

Appendix B

Analysis of property, plant and equipment as at 30 June 2013 Accumulated depreciation

| | Cost/Revaluation | | Disposals | | Transfers | | Revaluations | | Under Construction | | Closing Balance | | Opening Balance | | Disposals | | Transfers | | Depreciation | | Impairment loss | | Closing Balance | | Carrying value | |
|--|------------------|-----------|-----------|------|-----------|------|--------------|------|--------------------|------|-----------------|-------------|-----------------|------|-----------|------|-----------|------|--------------|-------------|-----------------|------|-----------------|-------------|----------------|------|
| | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand |
| Heritage assets | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | - | - | - | - | - | - | - | - | - | - | 55,576 | - | - | - | - | - | - | - | - | - | - | - | - | - | 55,576 | - |
| Other | 55,576 | - | - | - | - | - | - | - | - | - | 55,576 | - | - | - | - | - | - | - | - | - | - | - | - | - | 55,576 | - |
| | 55,576 | - | - | - | - | - | - | - | - | - | 55,576 | - | - | - | - | - | - | - | - | - | - | - | - | - | 55,576 | - |
| Specialised vehicles | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other assets | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General vehicles | - | - | - | - | - | - | - | - | - | - | 1,874,666 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,874,666 | - |
| Plant & equipment | 1,670,502 | 220,945 | - | - | - | - | - | - | - | - | 1,949,280 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,949,280 | - |
| Computer Equipment | 1,781,016 | 169,820 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Software (part of computer equipment) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Furniture & Office equipment | 2,109,502 | 197,931 | - | - | - | - | - | - | - | - | 2,307,433 | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,307,433 | - |
| Transport Assets | 10,597,409 | 862,511 | - | - | - | - | - | - | - | - | 11,469,920 | - | - | - | - | - | - | - | - | - | - | - | - | - | 11,469,920 | - |
| Office Equipment - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Assemblies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Markets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security measures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other land | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 16,168,729 | 1,471,307 | (18,767) | - | - | - | - | - | - | - | 17,621,269 | (4,943,823) | 13,151 | - | - | - | - | - | - | (1,906,339) | (132,772) | - | - | (6,868,783) | 10,652,486 | - |

Appendix B

Analysis of property, plant and equipment as at 30 June 2013 Accumulated depreciation

Cost/Revaluation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Under Construction Rand | Closing Balance Rand | Operating Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|--|----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------|----------------------------|------------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
|--|----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------|----------------------------|------------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|

Total property plant and equipment

| | | | | | | | | | | | | | | |
|----------------------|-------------|------------|-------------|---|---|-----------|-------------|---------------|-----------|---|--------------|-----------|---------------|-------------|
| Land and buildings | 226,793,541 | 1,853,948 | (10,000) | - | - | - | 227,437,489 | (128,639,375) | 10,000 | - | (4,706,591) | - | (133,335,968) | 94,101,523 |
| Infrastructure | 264,108,339 | 15,896,567 | (407,380) | - | - | - | 279,597,516 | (144,486,487) | 394,654 | - | (16,253,085) | (5,442) | (160,380,360) | 119,247,156 |
| Community Assets | 7,188,181 | - | (905,750) | - | - | - | 14,392,779 | (2,111,256) | 906,750 | - | (392,288) | - | (1,695,794) | 12,795,985 |
| Heritage assets | 55,576 | - | - | - | - | - | 55,576 | - | - | - | - | - | - | 55,576 |
| Specialised vehicles | 16,188,729 | 1,471,307 | (18,767) | - | - | - | 17,621,269 | (4,943,823) | 13,151 | - | (1,905,339) | (132,772) | (6,968,793) | 10,652,466 |
| Other assets | 513,314,368 | 19,021,822 | (1,342,907) | - | - | 8,111,348 | 539,104,629 | (286,180,945) | 1,324,655 | - | (23,287,303) | (138,214) | (302,291,903) | 236,852,726 |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

Agricultural/biological assets

| | | | | | | | | | | | | | | |
|------------------------------------|---------|-------|---|---|---|---|---------|-----------|---|---|----------|---|-----------|--------|
| Intangible assets | | | | | | | | | | | | | | |
| Computers - software & programming | 341,249 | 1,895 | - | - | - | - | 343,144 | (276,270) | - | - | (20,686) | - | (296,986) | 46,188 |
| Other | | | | | | | | | | | | | | |
| | 341,249 | 1,895 | - | - | - | - | 343,144 | (276,270) | - | - | (20,686) | - | (296,986) | 46,188 |

Investment properties

| | | | | | | | | | | | | | | |
|---------------------|-----------|---|---|---|---|---|-----------|---|---|---|---|---|---|-----------|
| Investment property | 8,708,000 | - | - | - | - | - | 8,708,000 | - | - | - | - | - | - | 8,708,000 |
| | 8,708,000 | - | - | - | - | - | 8,708,000 | - | - | - | - | - | - | 8,708,000 |

Total

| | | | | | | | | | | | | | | |
|--------------------------------|-------------|------------|-------------|---|---|-----------|-------------|---------------|-----------|---|--------------|-----------|---------------|-------------|
| Land and buildings | 226,793,541 | 1,853,948 | (10,000) | - | - | - | 227,437,489 | (128,639,375) | 10,000 | - | (4,706,591) | (5,442) | (133,335,968) | 94,101,523 |
| Infrastructure | 264,108,339 | 15,896,567 | (407,380) | - | - | - | 279,597,516 | (144,486,487) | 394,654 | - | (16,253,085) | - | (160,380,360) | 119,247,156 |
| Community Assets | 7,188,181 | - | (905,750) | - | - | - | 14,392,779 | (2,111,256) | 906,750 | - | (392,288) | - | (1,695,794) | 12,795,985 |
| Heritage assets | 55,576 | - | - | - | - | - | 55,576 | - | - | - | - | - | - | 55,576 |
| Specialised vehicles | 16,188,729 | 1,471,307 | (18,767) | - | - | - | 17,621,269 | (4,943,823) | 13,151 | - | (1,905,339) | (132,772) | (6,968,793) | 10,652,466 |
| Other assets | 341,249 | 1,895 | - | - | - | - | 343,144 | (276,270) | - | - | (20,686) | - | (296,986) | 46,188 |
| Agricultural/biological assets | 8,708,000 | - | - | - | - | - | 8,708,000 | - | - | - | - | - | - | 8,708,000 |
| Intangible assets | | | | | | | | | | | | | | |
| Investment properties | 522,463,615 | 19,023,717 | (1,342,907) | - | - | 8,111,348 | 548,145,773 | (280,457,211) | 1,324,655 | - | (23,277,959) | (138,214) | (302,542,659) | 245,605,914 |

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation

Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Work in progress Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|--|----------------------------|-------------------|-------------------|-------------------|----------------------|--------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Land and buildings | | | | | | | | | | | | | | |
| Land (Separate for AFS purposes) | 1 139 950 | 2 204 771 | - | - | - | - | 3 433 721 | - | - | - | - | - | - | 3 433 721 |
| Landfill Sites (Separate for AFS purposes) | 3 100 000 | - | - | - | - | - | 3 100 000 | - | - | - | (155 000) | - | (155 000) | 2 945 000 |
| Quarries (Separate for AFS purposes) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buildings (Separate for AFS purposes) | 212 605 957 | 3 351 346 | - | - | - | 3 302 517 | 219 259 820 | (124 055 783) | - | - | (4 417 592) | - | (128 484 376) | 80 775 445 |
| | 215 844 907 | 5 556 117 | - | - | - | 3 302 517 | 225 793 541 | (124 055 783) | - | - | (4 417 592) | - | (128 484 376) | 97 154 159 |
| Infrastructure | | | | | | | | | | | | | | |
| Roads Pavements & Bridges | 234 095 755 | - | - | - | - | 9 797 973 | 244 487 728 | (118 417 246) | - | - | (15 351 022) | - | (133 808 288) | 110 689 480 |
| Storm water | 5 188 591 | 267 575 | - | - | - | - | 6 456 166 | (4 012 638) | - | - | (128 755) | - | (4 141 353) | 2 314 773 |
| Generation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Road sign and street name | 252 000 | 34 800 | - | - | - | - | 286 800 | (176 400) | - | - | (28 880) | - | (206 080) | 81 720 |
| Street lighting | 2 481 200 | 144 000 | - | - | - | - | 2 635 200 | (1 394 440) | - | - | (75 880) | - | (1 470 320) | 1 164 880 |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Carport | 3 907 800 | - | - | - | - | - | 3 907 800 | (1 302 600) | - | - | (238 593) | - | (1 541 193) | 2 366 607 |
| Retreatment | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sewerage purification | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks) | 6 324 645 | - | - | - | - | - | 6 324 645 | (3 103 290) | - | - | (218 942) | - | (3 320 332) | 3 004 413 |
| Other (fibre optic, WIFI infrastructure) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 252 863 891 | 446 375 | - | - | - | 9 797 973 | 254 108 339 | (128 406 614) | - | - | (16 079 872) | - | (144 486 486) | 119 621 853 |
| Community Assets | | | | | | | | | | | | | | |
| Parks & gardens | - | 1 998 891 | - | - | - | - | 3 997 231 | (1 055 908) | - | - | (138 598) | - | (1 204 506) | 2 792 725 |
| Sport and recreational facilities | 1 938 340 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Swimming pools | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community halls | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Libraries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreational facilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cinemas | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Museums & art galleries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Social rental housing | - | - | - | - | - | - | 3 190 950 | (906 750) | - | - | - | - | (906 750) | 2 284 200 |
| Cemeteries | 3 190 950 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fire, safety & emergency | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security and policing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 5 195 290 | 1 998 891 | - | - | - | - | 7 194 181 | (1 972 658) | - | - | (138 598) | - | (2 111 256) | 5 076 925 |

| | Analysis of property, plant and equipment as at 30 June 2012 | Accumulated depreciation |
|--|--|--------------------------|
| | Cost/Revaluation | |

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Appendix B

Analysis of property, plant and equipment as at 30 June 2012 Cost/Revaluation Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Work in progress Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---|----------------------------|-------------------|-------------------|-------------------|----------------------|--------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Total property plant and equipment | | | | | | | | | | | | | | |
| Land and buildings | 216 844 907 | 5 646 117 | - | - | - | 3 302 517 | 225 793 541 | (124 066 783) | - | - | (4 572 592) | - | (128 639 376) | 97 154 168 |
| Infrastructure | 253 863 991 | 446 375 | - | - | - | 5 797 973 | 264 108 339 | (128 406 614) | - | - | (16 079 872) | - | (144 486 486) | 119 621 853 |
| Community Assets | 5 189 290 | 1 988 891 | - | - | - | - | 7 188 181 | (1 972 658) | - | - | (138 598) | - | (2 111 256) | 5 076 925 |
| Heritage assets | 55 576 | - | - | - | - | - | 55 576 | - | - | - | - | - | - | 55 576 |
| Specialised vehicles | 10 316 540 | 6 539 257 | (687 068) | - | - | - | 16 168 729 | (3 610 439) | 540 461 | - | (1 873 844) | - | (4 943 822) | 11 224 907 |
| Other assets | 486 270 304 | 14 630 840 | (687 068) | - | - | 13 100 490 | 513 314 366 | (258 056 494) | 540 461 | - | (22 664 906) | - | (280 160 939) | 233 133 427 |
| Agricultural/Biolog. ce. assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Intangible assets | | | | | | | | | | | | | | |
| Computers - software & programming | 285 141 | 56 108 | - | - | - | - | 341 249 | (220 949) | - | - | (55 321) | - | (276 270) | 64 979 |
| Other | 286 141 | 56 108 | - | - | - | - | 341 249 | (220 949) | - | - | (55 321) | - | (276 270) | 64 979 |
| Investment properties | | | | | | | | | | | | | | |
| Investment property | 8 708 000 | - | - | - | - | - | 8 708 000 | - | - | - | - | - | - | 8 708 000 |
| Total | 8 708 000 | - | - | - | - | - | 8 708 000 | - | - | - | - | - | - | 8 708 000 |
| Land and buildings | 216 844 907 | 5 646 117 | - | - | - | 3 302 517 | 225 793 541 | (124 066 783) | - | - | (4 572 592) | - | (128 639 376) | 97 154 168 |
| Infrastructure | 253 863 991 | 446 375 | - | - | - | 5 797 973 | 264 108 339 | (128 406 614) | - | - | (16 079 872) | - | (144 486 486) | 119 621 853 |
| Community Assets | 5 189 290 | 1 988 891 | - | - | - | - | 7 188 181 | (1 972 658) | - | - | (138 598) | - | (2 111 256) | 5 076 925 |
| Heritage assets | 55 576 | - | - | - | - | - | 55 576 | - | - | - | - | - | - | 55 576 |
| Specialised vehicles | 10 316 540 | 6 539 257 | (687 068) | - | - | - | 16 168 729 | (3 610 439) | 540 461 | - | (1 873 844) | - | (4 943 822) | 11 224 907 |
| Other assets | 285 141 | 56 108 | - | - | - | - | 341 249 | (220 949) | - | - | (55 321) | - | (276 270) | 64 979 |
| Agricultural/Biological assets | 8 708 000 | - | - | - | - | - | 8 708 000 | - | - | - | - | - | - | 8 708 000 |
| Intangible assets | 486 270 304 | 14 630 840 | (687 068) | - | - | 13 100 490 | 513 314 366 | (258 056 494) | 540 461 | - | (22 664 906) | - | (280 160 939) | 233 133 427 |
| Investment properties | 486 270 304 | 14 630 840 | (687 068) | - | - | 13 100 490 | 513 314 366 | (258 056 494) | 540 461 | - | (22 664 906) | - | (280 160 939) | 233 133 427 |

Segmental analysis of property, plant and equipment as at 30 June 2013

TotalMunicipally
Municipal Owned Entities

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2013 Cost/Revaluation

| Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment deficit Rand | Closing Balance Rand | Carrying value Rand |
|----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|----------------------------|----------------------------|---------------------------|
| | | | | | | | | | | | | | |
| 18,563,906 | 1,473,201 | (18,767) | - | - | - | 18,018,340 | (6,216,533) | 13,150 | - | (1,926,993) | (132,772) | (7,264,148) | 10,754,192 |

Appendix D

| | Prior Year | Current Year |
|---|------------|--------------|
| Segmental Statement of Financial Performance for the year ended | | |

[illegible]

Appendix D

Segmental Statement of Financial Performance for the year ended
Prior Year Current Year

| Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand | Rand | Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand |
|--------------------------|-------------------------------|-------------------------------|---------|--------------------------|-------------------------------|-------------------------------|
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | - Total | - | - | - |

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

| | Current year 2012 Act. Bal. | Current year 2012 Adjusted budget Rand | Variance Rand | Explanation of Significant Variances greater than 10% versus Budget Var |
|---|-----------------------------------|--|------------------|---|
| Revenue | | | | |
| Sale of goods | - | - | - | (Explanations to be recorded) |
| Sale of goods in agricultural activities | - | - | - | - |
| Rendering of services | - | - | - | - |
| Rendering of services in agricultural activities | - | - | - | - |
| Property rates | - | - | - | - |
| Service charges | 826,492 | - | 826,492 | - |
| | - | - | - | - |
| Sales of housing | - | - | - | - |
| Construction contracts | - | - | - | - |
| Royalty income | - | - | - | - |
| Rental of facilities and equipment | 127,651 | - | 127,651 | - |
| Interest received (trading) | - | - | - | - |
| Dividends received | - | - | - | - |
| Income from agency services | - | - | - | - |
| | - | - | - | - |
| Licences and permits | 1,211,015 | - | 1,211,015 | - |
| | - | - | - | - |
| Municipal Revenue UD1 | - | - | - | - |
| Municipal Revenue UD2 | - | - | - | - |
| | - | - | - | - |
| Miscellaneous other revenue | - | - | - | - |
| Administration and management fees received | - | - | - | - |
| Fees earned | - | - | - | - |
| Commissions received | - | - | - | - |
| Royalties received | - | - | - | - |
| Rental income | - | - | - | - |
| Discount received | - | - | - | - |
| Recoveries | - | - | - | - |
| Other income 1 | - | - | - | - |
| Other income 2 | - | - | - | - |
| Financial instruments - Fee income | - | - | - | - |
| Other income - (rollup) | 566,028 | - | 566,028 | - |
| Other farming income 1 | - | - | - | - |
| Other farming income 2 | - | - | - | - |
| Other farming income 3 | - | - | - | - |
| Other farming income 4 | - | - | - | - |
| Other farming income | - | - | - | - |
| Government grants | - | - | - | - |
| Interest received - investment | - | - | - | - |
| Interest received - other | 1,047,737 | - | 1,047,737 | - |
| Dividends received | - | - | - | - |
| | 3,778,923 | - | 3,778,923 | - |

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

| | Current year 2012 Act. Bal. | Current year 2012 Adjusted budget | Variance | Explanation of Significant Variances greater than 10% versus Budget |
|----------------------------|-----------------------------------|--|--------------|--|
| Expenses | | | | |
| Personnel | (14,698,052) | - | (14,698,052) | - |
| Manufacturing - | - | - | - | - |
| Employee costs | - | - | - | - |
| Remuneration of | (4,356,576) | - | (4,356,576) | - |
| councillors | - | - | - | - |
| Administration | - | - | - | - |
| Transfer payments | (3,056,070) | - | (3,056,070) | - |
| Depreciation | (22,697,322) | - | (22,697,322) | - |
| Impairment | - | - | - | - |
| Amortisation | (20,687) | - | (20,687) | - |
| Impairments | (2,631,163) | - | (2,631,163) | - |
| Reversal of impairments | - | - | - | - |
| Finance costs | - | - | - | - |
| Debt impairment | - | - | - | - |
| Collection costs | - | - | - | - |
| Repairs and maintenance | - | - | - | - |
| - Manufacturing expenses | - | - | - | - |
| Repairs and maintenance | (3,680,989) | - | (3,680,989) | - |
| - General | - | - | - | - |
| Repairs and maintenance | - | - | - | - |
| - General | - | - | - | - |
| Bulk purchases | - | - | - | - |
| Contracted Services | - | - | - | - |
| Grants and subsidies paid | (3,316,634) | - | (3,316,634) | - |
| Cost of housing sold | - | - | - | - |
| General Expenses | (25,614,205) | - | (25,614,205) | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| | (80,071,698) | - | (80,071,698) | - |
| Other revenue and costs | | | | |
| Gain or loss on disposal | 141,394 | - | 141,394 | - |
| of assets and liabilities | - | - | - | - |
| Gain or loss on exchange | - | - | - | - |
| differences | - | - | - | - |
| Fair value adjustments | - | - | - | - |
| Gains or losses on | - | - | - | - |
| biological assets and | - | - | - | - |
| agricultural produce | - | - | - | - |
| Income from equity | - | - | - | - |
| accounted investments | - | - | - | - |
| Gain or loss on disposal | - | - | - | - |
| of non-current assets held | - | - | - | - |
| for sale or disposal | - | - | - | - |
| groups | - | - | - | - |

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

| | Current year 2012 Act. Bal. | Current year 2012 Adjusted budget | Variance | Explanation of Significant Variances greater than 10% versus Budget |
|--|-----------------------------------|--|--------------|--|
| Taxation | - | - | - | - |
| Discontinued operations | - | - | - | - |
| | 141,394 | - | 141,394 | - |
| Net surplus/ (deficit) for the year | (76,151,381) | - | (76,151,381) | - |